

Registered number: SC458298



DISTRICT ENERGY ABERDEEN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



DISTRICT ENERGY ABERDEEN LIMITED



COMPANY INFORMATION

DIRECTORS

Derek Dunn
Janice Lyon
Ramsay Milne

COMPANY SECRETARY

Brodies Secretarial Services Limited

REGISTERED NUMBER

SC458298

REGISTERED OFFICE

15 Atholl Crescent
Edinburgh
Midlothian
EH3 8HA

INDEPENDENT AUDITORS

Anderson Anderson & Brown LLP
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 17

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

DEAL (the "Company") was set up in July 2013 as a wholly owned subsidiary of Aberdeen Heat & Power Ltd (AH&P). Any retained profits from DEAL are remitted back to AH&P. The principal activity of the company is to retail heat that is generated by AH&P to the non-domestic, non-Council sector. In the past year two non-Council customers to AH&P have been re-assigned to DEAL to achieve trading results.

DEAL can bring forward potential heat customers but these have to form part of strategy plans for the heat network that is designed and operated by AH&P, and therefore DEAL has to proceed at a pace that can be sustained. In this way it is assured that DEAL cannot over-promise and under-deliver. In the past year the Directors have established a list of potential heat customers outside of the Council sector, who can be further approached once there is sufficient heat capacity within the AH&P network. To this end AH&P have secured a loan from the District Heating Loan Fund, which will allow system expansion through provision of a further generator, to be located within the Linx Ice Arena.

DEAL has also identified other potential customers, the connection of which would be possible in conjunction with other projects being considered between AH&P and Aberdeen City Council. These connections would form part of the wider area potential for the district networks within the city.

DEAL will continue to work hand in hand with AH&P to ensure that the district network is designed and operated correctly in terms of efficiency and sustainability.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £457 (2015 - £1,811).

DIRECTORS

The directors who served during the year were:

Derek Dunn
Janice Lyon
Ramsay Milne

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

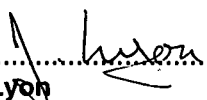
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

AUDITORS

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....

Janice Lyon
Director

Date: 24/8/16

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DISTRICT ENERGY ABERDEEN LIMITED**

We have audited the financial statements of District Energy Aberdeen Limited for the year ended 31 March 2016, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, applicable to smaller entities.'

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified any material misstatements in the Directors' Report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DISTRICT ENERGY ABERDEEN LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

Anderson Anderson & Brown LLP

John Black (Senior statutory auditor)

for and on behalf of
Anderson Anderson & Brown LLP

Statutory Auditor

Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: 24 AUGUST 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover		304,286	214,434
Cost of sales		(289,380)	(203,930)
Gross profit		<u>14,906</u>	<u>10,504</u>
Administrative expenses		(14,372)	(8,253)
Operating profit		<u>534</u>	<u>2,251</u>
Interest receivable and similar income	8	37	13
Profit before tax		<u>571</u>	<u>2,264</u>
Tax on profit	9	(114)	(453)
Profit for the year		<u>457</u>	<u>1,811</u>
Other comprehensive income:			
Total comprehensive income for the year		<u>457</u>	<u>1,811</u>

The notes on pages 9 to 17 form part of these financial statements.

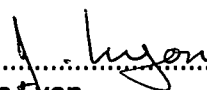
**BALANCE SHEET
AS AT 31 MARCH 2016**

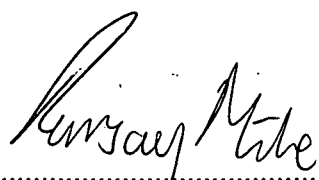
	Note		2016 £	2015 £
Current assets				
Debtors: amounts falling due within one year	10	43,176	73,943	
Cash at bank and in hand	11	44,128	7,398	
		<u>87,304</u>	<u>81,341</u>	
Creditors: amounts falling due within one year	12	(85,035)	(79,529)	
Net current assets			<u>2,269</u>	<u>1,812</u>
Total assets less current liabilities			<u>2,269</u>	<u>1,812</u>
Net assets excluding pension asset			<u>2,269</u>	<u>1,812</u>
Net assets			<u>2,269</u>	<u>1,812</u>
Capital and reserves				
Called up share capital	13		1	1
Profit and loss account			<u>2,268</u>	<u>1,811</u>
			<u>2,269</u>	<u>1,812</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24 August 2016


.....
Janice Lyon
Director


.....
Ramsay Milne
Director

The notes on pages 9 to 17 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2015	1	1,811	1,812
Comprehensive income for the year			
Profit for the year	-	457	457
Total comprehensive income for the year	-	457	457
AT 31 March 2016	<u>1</u>	<u>2,268</u>	<u>2,269</u>

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2015**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2014	1	-	1
Comprehensive income for the year			
Profit for the year	-	1,811	1,811
Total comprehensive income for the year	-	1,811	1,811
AT 31 March 2015	<u>1</u>	<u>1,811</u>	<u>1,812</u>

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. GENERAL INFORMATION

The company is a private limited company, which is incorporated and registered in Scotland (no. SC458298). The address of the registered office is 15 Atholl Crescent, Edinburgh, Midlothian, EH3 8HA.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 16 for an explanation of the transition.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (continued)

2.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. ACCOUNTING POLICIES (continued)

2.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES (continued)

2.8 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the group and the tax authority.

4. TURNOVER

0.0% of the Company's turnover (2015 - NIL) is attributable to geographical markets outside the United Kingdom.

5. OPERATING PROFIT

During the year, no director received any emoluments (2015 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**
6. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,250	2,000
	<u>3,250</u>	<u>2,000</u>

7. EMPLOYEES

The average monthly number of employees, including directors, during the year was 3 (2015 - 3).

8. INTEREST RECEIVABLE

	2016 £	2015 £
Other interest receivable	37	13
	<u>37</u>	<u>13</u>

9. TAXATION

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	114	453
Taxation on profit on ordinary activities	<u>114</u>	<u>453</u>

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2015 - 21%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

10. DEBTORS

	2016 £	2015 £
Trade debtors	43,176	73,423
Other debtors	-	520
	<u>43,176</u>	<u>73,943</u>

11. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	44,128	7,398
	<u>44,128</u>	<u>7,398</u>

12. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	38,452	75,826
Corporation tax	114	453
Taxation and social security	19,720	-
Accruals and deferred income	26,749	3,250
	<u>85,035</u>	<u>79,529</u>

13. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
1 Ordinary Shares share of £1	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

14. RELATED PARTY TRANSACTIONS

Control

During the year the company was controlled by the directors.

15. CONTROLLING PARTY

The immediate and ultimate parent company is Aberdeen Heat & Power Company Limited, a company registered in Scotland.

DISTRICT ENERGY ABERDEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16. FIRST TIME ADOPTION OF FRS 102

	Note	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Current assets		1	-	1	81,341	-	81,341
Creditors: amounts falling due within one year		-	-	-	(79,529)	-	(79,529)
Net current assets		1	-	1	1,812	-	1,812
Total assets less current liabilities		1	-	1	1,812	-	1,812
Net assets		1	-	1	1,812	-	1,812
Capital and reserves		1	-	1	1,812	-	1,812

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

16. FIRST TIME ADOPTION OF FRS 102 (continued)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		214,434	-	214,434
Cost of sales		(203,930)	-	(203,930)
		<hr/>	<hr/>	<hr/>
		10,504	-	10,504
Administrative expenses		(8,253)	-	(8,253)
		<hr/>	<hr/>	<hr/>
Operating profit		2,251	-	2,251
Interest receivable and similar income		13	-	13
Taxation		(453)	-	(453)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		1,811	-	1,811
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 There were no transition adjustments arising on the first time adoption of FRS 102.